

COMPLIANCE AUDIT

Duncansville Volunteer Fire Department Relief Association

Blair County, Pennsylvania

For the Period

January 1, 2021, to December 31, 2023

December 2024



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

Mr. William K. Lloyd, President
Duncansville Volunteer Fire
Department Relief Association
Blair County

We have conducted a compliance audit of the Duncansville Volunteer Fire Department Relief Association (relief association) for the period January 1, 2021, to December 31, 2023. The audit was conducted pursuant to authority derived from Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania; Section 403 of The Fiscal Code, 72 P.S. § 403; and the Volunteer Firefighters' Relief Association Act ("VFRA Act"), see 35 Pa.C.S. § 7418.

The objectives of the audit were:

1. To determine if the relief association took appropriate corrective action to address the findings contained in our prior audit report.
2. To determine if the relief association complied with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds.

Our audit was limited to the areas related to the objectives identified above and was not, nor was it required to be, conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief association funds complies with applicable state laws, contracts, bylaws, and administrative procedures, including the safeguarding of assets. Relief association officers are responsible for complying with applicable state laws, contracts, bylaws, and administrative procedures. It is our responsibility to perform procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objectives. We believe that our audit provides a reasonable basis for our conclusions.

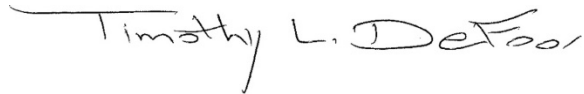
We were not able to obtain an independent confirmation of the cash balance directly from the financial institution. Therefore, while the relief association provided bank statements that indicated that, as of December 31, 2023, the relief association had a cash balance of \$45,274, we were not able to verify this cash balance.

Based on our audit procedures, we conclude that, except for the effects, if any, of the matter described in the preceding paragraph, for the period January 1, 2021, to December 31, 2023:

- The relief association took appropriate corrective action to address the findings contained in our prior audit report.
- The relief association, in all significant respects, complied with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds, except as noted in the finding listed below and discussed later in this report.

Finding – Erroneous Deposits Of Funds

The contents of this report were discussed with the management of the relief association and, where appropriate, their response has been included in the report. We would like to thank the relief association officials for the cooperation extended to us during the conduct of the audit.



Timothy L. DeFoor
Auditor General
November 1, 2024

CONTENTS

	<u>Page</u>
Background.....	1
Status of Prior Findings	4
Finding and Recommendation:	
Finding – Erroneous Deposits Of Funds	5
Report Distribution List	6

BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code¹, and the Volunteer Firefighters' Relief Association Act² ("VFRA Act"), the Department of the Auditor General's duty is to audit the accounts and records of every volunteer firefighters' relief association to determine that funds received under the Foreign Fire Insurance Tax Distribution Law³ (commonly referred to as Act 205) are properly expended.

The relief association is a charitable organization that was formed primarily to afford financial protection to volunteer firefighters and to encourage individuals to participate in volunteer fire service.

The VFRA Act governs the overall operation of volunteer firefighters' relief associations. Relief association bylaws define the specific operational procedures by which relief associations conduct business. To fulfill its primary purpose, the VFRA Act authorizes specific types of expenditures and prescribes appropriate volunteer firefighters' relief association investment options. Within the parameters established by the VFRA Act, it is the responsibility of relief associations to choose investments in a proper and prudent manner.

Volunteer firefighters' relief associations receive public tax monies, and the relief association officers therefore have a responsibility to the public to conduct the relief association's financial affairs in a businesslike manner and to maintain sufficient financial records to support the propriety of all relief association transactions. Volunteer firefighters' relief association officers are also responsible for ensuring that the relief association operates in accordance with applicable state laws, contracts, bylaws, and administrative procedures.

Act 205 sets forth the computation of the Foreign Fire Insurance Tax Distribution paid to each applicable municipality throughout the Commonwealth of Pennsylvania. The amount of the distribution is based upon the population of each municipality and the market value of real estate within the municipality. Upon receipt of this distribution, the municipality must allocate the funds to the volunteer firefighters' relief association of the fire service organization or fire service organizations that is or are recognized as providing the service to the municipality.

The relief association was allocated state aid from the following municipalities:

<u>Municipality</u>	<u>County</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Blair Township	Blair	\$6,322	\$7,980	\$7,803
Duncansville Borough	Blair	\$5,534	\$6,830	\$6,880
Juniata Township	Blair	\$2,823	\$3,000	\$3,000
Newry Borough	Blair	\$1,072	\$1,179	\$1,166

¹ 72 P.S. § 403 (as last amended by Act 44 of 2017).

² 35 Pa.C.S. § 7411 *et seq.* See specifically, 35 Pa.C.S. § 7418 (amended by Act 91 of 2020).

³ 53 P.S. § 895.701 *et seq.* (Act 205 of 1984, as amended by Act 119 of 1990).

BACKGROUND – (Continued)

Based on the relief association’s records, its total cash as of December 31, 2023, was \$45,274, as illustrated below:

Cash	<u>\$ 45,274</u>
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Based on the relief association’s records, its total expenditures for the period January 1, 2021, to December 31, 2023, were \$69,145, as noted below. The accuracy of these expenditures was evaluated as part of the Department’s audit to conclude on the relief association’s compliance with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds.⁴ **The scope of the Department’s audit does not include the issuance of an opinion on the accuracy of these amounts.**

Expenditures:

Benefit Services:	
Insurance premiums	<u>\$ 2,909</u>
Fire Services:	
Equipment purchased	\$ 51,661
Equipment maintenance	7,240
Training expenses	545
Fire prevention materials	699
Total Fire Services	<u>\$ 60,145</u>
Administrative Services:	
Bond premiums	\$ 200
Other administrative expenses	10
Total Administrative Services	<u>\$ 210</u>
Other Expenditures:	
Miscellaneous – See Finding	\$ 5,636
Unauthorized payment of sales tax *	245
Total Other Expenditures	<u>\$ 5,881</u>
Total Expenditures	<u><u>\$ 69,145</u></u>

* During calendar years 2022 and 2023, the relief association made insignificant disbursements totaling \$245 for the unauthorized payment of sales tax on purchases that were authorized under the VFRA Act. We disclosed these issues to relief association officials on August 29, 2024, but we did not include a finding in this report due to the relatively low dollar amount.

⁴ Accuracy was evaluated for a selection of transactions based on dollar amount, category, and/or random selection.

BACKGROUND – (Continued)

The volunteer firefighters' relief association and the affiliated fire service organization are separate, legal entities. The relief association is affiliated with the following fire service organization:

Duncansville Volunteer Fire Company

DUNCANSVILLE VOLUNTEER FIRE DEPARTMENT RELIEF ASSOCIATION
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The relief association has complied with the prior audit findings and recommendations, as follows:

- Untimely Receipt And Deposit Of State Aid

By timely receiving and depositing all income received.

- Unauthorized Expenditures

By receiving reimbursement of \$14,272 from the affiliated fire company for the unauthorized expenditures made in the prior audit period.

- Undocumented Expenditures

By receiving reimbursement of \$9,331 from the affiliated fire company for a portion of the undocumented expenditures that were made in the prior audit period and by providing adequate documentation to evidence the propriety of the remaining undocumented expenditures that were made in the prior audit period.

- Inadequate Minutes Of Meetings

By maintaining detailed minutes of all relief association meetings held during the period.

DUNCANSVILLE VOLUNTEER FIRE DEPARTMENT RELIEF ASSOCIATION
FINDING AND RECOMMENDATION

Finding – Erroneous Deposits Of Funds

Condition: The relief association erroneously deposited funds totaling \$15,846 consisting of \$5,636 from the closeout of a relief association checking account and \$10,210 from the sale proceeds of a relief association certificate of deposit into the fire company’s checking account.

Criteria: Relief association funds should not be commingled with any other organization’s funds in order to maintain effective control of its assets. In addition, adequate accounting and internal controls should include procedures to prevent erroneous transfers.

Cause: The relief association official indicated that they did not realize that the funds had erroneously been deposited into the fire company’s account.

Effect: As a result of the erroneous deposit of funds, the relief association was unable to use the funds for other general operating expenses or for investment purposes. In addition, the deposit into the fire company’s account reduces the relief association’s control over cash disbursements.

Recommendation: We recommend that the relief association be reimbursed \$15,846 for the erroneous transfers. In addition, the relief association officials should establish accounting and internal control procedures to monitor future relief association expenditures. For further guidance, please refer to the Auditor General’s publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS’ RELIEF ASSOCIATIONS.

Management’s Response: Relief association management agreed with the finding as presented at the audit exit conference and, as a result of our audit, the affiliated fire company reimbursed the relief association \$15,846 for the erroneous deposits on September 3, 2024.

Auditor’s Conclusion: We reviewed documentation verifying that the reimbursement of \$15,846 was received. Compliance for erroneous deposits made in the next audit period will be subject to verification through our next audit.

DUNCANSVILLE VOLUNTEER FIRE DEPARTMENT RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Duncansville Volunteer Fire Department Relief Association Governing Body:

Mr. William K. Lloyd
President

Mr. Christopher Coho
Vice President

Ms. Janette Kay Mills
Secretary

Ms. Holly McGonigle
Treasurer

The following municipalities allocated foreign fire insurance tax monies to this relief association and received a copy of this report:

Ms. Kami Bilek
Secretary
Blair Township

Ms. Paula J. Fox
Secretary
Duncansville Borough

Mr. Ronald E. Neff
Secretary

Ms. Kelly Moyer
Secretary
Newry Borough

DUNCANSVILLE VOLUNTEER FIRE DEPARTMENT RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

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